

Message Text

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PAGE 01 MEXICO 13680 01 OF 02 161840Z
ACTION ARA-14

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LIMITED OFFICIAL USE SECTION 01 OF 02 MEXICO 13680

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SUBJECT: U.S.-MEXICO QUADRIpartite COMMISSION

REF: A) STATE 142426, B) STATE 175434, C) MEXICO 12866

1. SUMMARY. IN ACCORDANCE WITH HIS ASSURANCE TO SENATOR JAVITS, SECRETARY ROEL ARRANGED MEETING BETWEEN PRESIDENT LOPEZ PORTILLO AND U.S. QUADRIpartite GROUP AUGUST 9. A SEPARATE MEETING WAS HELD WITH ROEL AND ON FOLLOWING DAY WITH COMMERCE SECRETARY SOLANA. ARRANGEMENTS APPARENTLY SATISFACTORY TO U.S. AND MEXICAN CO-CHAIRMEN HAVE BEEN MADE. ASSISTANT TO SENATOR JAVITS, MR. JACQUES J. GORLIN, ATTENDED ALL MEETINGS AND WILL HAVE REPORTED BACK TO SENATOR IN FULL. END SUMMARY.

2. SECRETARY ROEL ARRANGED FOR THE MEETING BETWEEN PRESIDENT AND U.S. CO-CHAIRMEN IN DIRECT DISCUSSIONS WITH SENATOR JAVITS. PRESENT AT MEETING WITH PRESIDENT WERE SECRETARY ROEL, AMBASSADOR LUCEY, E/C COUNSELOR HAYNE, MR. GORLIN, U.S. QUADRIpartite CO-CHAIRMEN MOLINA (FORD) AND PFEIFFER (IBM) AND MR. FORREST MURDEN (MURDEN AND COMPANY). THE AMBASSADOR REVIEWED BRIEFLY FOR THE LIMITED OFFICIAL USE

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PAGE 02 MEXICO 13680 01 OF 02 161840Z

PRESIDENT THE CURRENT STATUS OF THE QUADRIpartite GROUP, SPOKE OF SENATOR JAVITS' CONCERNS, AND SAID U.S. PARTICIPANTS BELIEVED BALL TO BE IN MEXICO'S COURT. ON THE AMBASSADOR'S INVITATION TO ELABORATE FURTHER, MR. MOLINA, MR. PFEIFFER AND MR. MURDEN ADDED COMMENTS THAT U.S. BUSINESS WAS PREPARED TO MOVE AHEAD BUT WAS STILL AWAITING THE RESPONSE OF THE MEXICAN SIDE. THE CO-

CHAIRMEN HAD IDENTIFIED AGRIBUSINESS, TOURISM, MANUFACTURING AND SOME OTHERS FOR PRIORITY TREATMENT. UNLESS THE WORK GOES FORWARD MOMENTUM WOULD BE LOST. MR. GORLIN THEN GAVE THE PRESIDENT SENATOR JAVITS' GREETINGS. THE AMBASSADOR CONCLUDED THE U.S. PRESENTATION WITH SOME COMMENTS ABOUT HOW WELL THE BILATERAL CONSULTATIVE MECHANISM SEEMED TO BE GOING ON A GOVERNMENT-TO-GOVERNMENT BASIS. THIS HAD NOT BEEN MATCHED BY PRIVATE SECTOR THROUGH QUADRIpartite MECHANISM.

3. THE PRESIDENT REPLIED THAT THE QUADRIpartite GROUP APPEARED TO BE A VERY GOOD VEHICLE. HE ACKNOWLEDGED THAT THE BALL WAS IN THE MEXICAN COURT, AND THAT MEXICAN PRIVATE SECTOR WAS WAITING FOR A GO-AHEAD. HE THOUGHT SOME WAY SHOULD BE FOUND TO LINK THE QUADRIpartite GROUP AND THE BILATERAL CONSULTATIVE MECHANISM; AFTER ALL IT INVOLVED MANY OF THE SAME PEOPLE ON BOTH SIDES. THE PRESIDENT SAID HE WAS ASKING SECRETARY ROEL TO ACT AS GENERAL COORDINATOR TO BRING MEXICAN PRIVATE AND PUBLIC SECTORS TOGETHER. THERE WAS TO BE AN IMMEDIATE MEETING BETWEEN SECRETARY SOLANA AND MEXICAN BUSINESS SO AS NOT TO LOSE 18 MONTHS OF WORK.

4. THE PRESIDENT THEN WENT ON TO SAY THAT THE MAIN PROBLEM OF THE MEXICAN ECONOMY IS STRUCTURAL; THERE IS A VICIOUS CIRCLE WHICH THE GOM INTENDS TO BREAK. HE GAVE AS ONE LIMITED OFFICIAL USE

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PAGE 03 MEXICO 13680 01 OF 02 161840Z

EXAMPLE THE HARMFUL EFFECTS OF DOLLARIZATION. MEANS ARE BEING SOUGHT TO OFFSET THIS EFFECT WITH DEPOSITS OF DOLLARS IN CENTRAL BANK, DEVELOPING INSURANCE SCHEME AGAINST DEVALUATION. HE CONCLUDED BY AGAIN PRESSING SECRETARY ROEL TO URGENT ACTION AND EXPRESSING HIS APPRECIATION OF SENATOR JAVITS' INITIATIVES.

5. SUITABLY DEPUTIZED, BUT OBVIOUSLY HANDICAPPED BY A LACK OF PRIOR KNOWLEDGE ABOUT THE QUADRIpartite GROUP, SECRETARY ROEL INVITED EVERYONE TO HIS OFFICE IN THE FOREIGN MINISTRY WHERE HE SUPERIMPOSED A MEETING WITH THIS GROUP ON THOSE ALREADY TAKING PLACE IN HIS OFFICE. HE IMMEDIATELY MADE EFFORTS TO CONTACT SECRETARY SOLANA WHO, IT TURNED OUT, WAS HIMSELF EN ROUTE TO THE PRESIDENCY. AFTER SOME FURTHER DISCUSSION WITH ROEL, THE GROUP ADJOURNED TO THE 20TH FLOOR OF FOREIGN RELATIONS TO WAIT TO FIND OUT IF SOLANA COULD JOIN THEM. MEANWHILE, SECRETARY ROEL SUMMONED TWO ECONOMIC ADVISORS, AMBASSADORS MANUEL ARMENDARIZ AND MARTINEZ LE CLINCHE. THE FORMER HANDLED HIMSELF SURPRISINGLY WELL, CONSIDERING HE COULDN'T HAVE HEARD OF THE OPERATION BEFORE COMING IN THE DOOR. AMBASSADOR MARTINEZ LE CLINCHE WAS CONSTRAINED

BECAUSE OF HIS LACK OF ENGLISH. WHILE WAITING FOR SOLANA'S REPLY, THE AMBASSADOR ABSENTED HIMSELF BRIEFLY FOR A COURTESY CALL ON THE MINISTER OF TRANSPORTATION AND COMMUNICATIONS. THE GROUP WAS RE-INVITED DOWN TO ROEL'S OFFICE TO HEAR THE WORD THAT SECRETARY SOLANA COULD MEET AT 9:00 A.M. THE FOLLOWING DAY.

6. ON THE U.S. SIDE, AMBASSADOR LUCEY, HAYNE, GORLIN AND MOLINA ATTENDED THE 9:00 MEETING AUGUST 10. SECRETARY

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PAGE 01 MEXICO 13680 02 OF 02 161845Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 MEXICO 13680

SOLANA WAS ACCOMPANIED BY THE MEXICAN CO-CHAIRMAN BERNARDO QUINTANA AND RUIZ GALINDO. OTHER GOM OFFICIALS INCLUDED THE TWO MEXICAN AMBASSADORS MARTINEZ AND ARMENDARIZ, UNDER SECRETARY HECTOR HERNANDEZ, AND STAFF ASSISTANTS, LIC. SARA JAET, JAVIER BARROS AND OTHERS. THE AMBASSADOR HAD EXPLAINED TO SECRETARY SOLANA THE IMPORTANCE OF THE MATTER IN A PRIVATE DISCUSSION IMMEDIATELY PRECEDING THE MEETING SO THE GROUP GOT DOWN RELATIVELY PROMPTLY TO DETAILS. MR. MOLINA REVIEWED SITUATION SINCE APRIL 19, POINTING OUT THAT IT HAD BEEN AGREED THAT AS SOON AS IT HAD BEEN DECIDED BY GOM WHAT SUBJECTS WERE OF MOST INTEREST, THE TWO PRIVATE SECTOR SIDES WOULD SIT DOWN TOGETHER. THE U.S. SIDE WOULD THEN GO OUT AND PICK THE BEST COMPANIES AND PEOPLE AVAILABLE TO HELP.

7. SECRETARY SOLANA SPOKE OF THE NEED TO ESTABLISH A RELATIONSHIP BETWEEN THE QUADRIPARTITE GROUP AND THE BILATERAL CONSULTATIVE MECHANISM. THE QUADRIPARTITE GROUP WAS THERE TO HELP THE PRIVATE SECTOR DO BUSINESS. HE THOUGHT THE QUADRIPARTITE GROUP AS A WHOLE MIGHT MEET

TWO OR THREE TIMES A YEAR TO FOLLOW THE WORK OF THE SECRETARIATS. THE GOVERNMENTS' ROLE WAS TO HEAR, HELP AND OBSERVE. HE THOUGHT A GOOD PROGRAM HAD BEEN DRAWN UP AND LIMITED OFFICIAL USE

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PAGE 02 MEXICO 13680 02 OF 02 161845Z

WAS READY FOR ATTENTION BY THE PERMANENT SECRETARIATS. HE CONCLUDED BY COMMENTING ON THE GOOD FORTUNE WE ALL HAD TO HAVE AMBASSADOR LUCEY IN MEXICO TO HELP ON THESE MATTERS.

8. THERE FOLLOWED A GENERAL DISCUSSION OF THE TIMING OF POSSIBLE MEETINGS. AMBASSADOR LUCEY SAID PERMANENT SECRETARIATS SHOULD, OF COURSE, BE ESTABLISHED BUT, SUCCESS IN THE LONG RUN WOULD BE MEASURED IN TERMS OF MORE CONCRETE RESULTS: OF PRODUCTS PRODUCED AND EMPLOYMENT CREATED. THE U.S. PRIVATE SECTOR WAS READY AND WILLING TO HELP--AS WAS HIS LARGE EMBASSY STAFF IN EVERY POSSIBLE WAY.

9. MINISTER SOLANA HAVING BEEN CALLED BRIEFLY FROM THE ROOM, UNDER SECRETARY HERNANDEZ MADE SOME MOST USEFUL CONTRIBUTIONS TOWARD GETTING SPECIFIC DETAILS RESOLVED. MR. RUIZ GALINDO AND BERNARDO QUINTANA PROPOSED A MEETING BETWEEN THE TWO PRIVATE SECTORS IN SAN FRANCISCO ON SEPTEMBER 16 IMMEDIATELY FOLLOWING THE CONFERENCE BOARD'S INTERNATIONAL INDUSTRIAL CONFERENCE. DISCUSSION WAS CONCLUDED WITH MINISTER SOLANA SETTING A DATE NEXT WEEK FOR A GOM MEETING WITH THE MEXICAN PRIVATE SECTOR TO ESTABLISH PRIORITIES.

10. BEFORE LEAVING, MR. GORLIN REQUESTED THAT A COPY OF THIS REPORTING CABLE BE PROVIDED TO SENATOR JAVITS. THOMPSON

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